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# OPG Power Ventures Plc

## Annual Meeting of Shareholders to be held on the 19th December, 2014 at Douglas, Isle of Man

### **Explanatory Statement to Special Resolutions Nos. 1&2 forming part of the Notice of Annual Meeting**

The Company has entered into a new relationship agreement (the "2014 Agreement") with Mr Arvind Gupta, Managing Director and Chief Executive of the Company. The Agreement contains terms that are customary in agreements with substantial shareholders to regulate the relationship between the Company and any substantial shareholders with a view to ensuring that the Company is capable of carrying on its business independently of Mr Gupta and on an arm's length basis.

The Company has benefited and continues to benefit from Mr Gupta's personal guarantees ("Personal Guarantees") which have assisted the Company in accessing bank financing for its projects. The Directors believe this has been crucial in enabling the Group to pursue its successful Group Captive model. The Group's working capital and project term loans that are the subject of Personal Guarantees, currently amount to £225.2 million. With the 2014 Agreement in place, the Personal Guarantees can continue to be sustained irrespective of Mr Gupta's shareholding, until they are no longer a requirement of the Company's banks and the relevant facilities have been repaid or refinanced. The Directors believe that this should facilitate the implementation of OPG's plans for further growth.

To reflect the circumstances of the Company and Mr Gupta, in addition to the terms customarily found in relationship agreements, the 2014 Agreement also contains the following key provisions:

- that the Board of Directors shall be made up of not more than six Directors;
- if and for so long as the Personal Guarantees remain in force and effect then Mr Gupta will be entitled to nominate three persons for appointment to the Board as Directors (the Nominee Directors, which may include Mr Gupta), with one such Nominee Director being entitled to hold the position of Chairman, and one such nominee director being entitled to hold the position of Managing Director and Chief Executive Officer of the Company. The Chairman will have a second and casting vote; and
- in the event that the obligations and liabilities of Mr Gupta under all of the Personal Guarantees has ceased the Chairman will no longer have a second and casting vote and Mr Gupta (together with his connected persons) is entitled to exercise or control the exercise of:
  - 30 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company, then (i) Mr Gupta will be entitled to nominate for appointment to the Board three nominee directors with one such nominee director being entitled to hold the position of Managing Director and Chief Executive Officer and (ii) one such nominee director being entitled to hold the position of Chairman of the Company; or
  - 20 per cent. or more but less than 30 per cent. of the votes able to be cast on all or substantially all matters at general meetings of the Company, then (i) Mr Gupta will be entitled to nominate for appointment to the Board two nominee directors, with one such nominee director being entitled to hold the position of Managing Director and Chief Executive Officer and (ii) one such nominee director being entitled to hold the position of Chairman of the Company; or
  - 10 per cent. or more but less than 20 per cent. of the votes able to be cast on all or substantially all matters at general meetings of the Company, then (i) Mr Gupta will be entitled to nominate for appointment to the Board one nominee director and (ii) such nominee director being entitled to hold the position of Chairman of the Company,

The 2014 Agreement shall become effective in the event that Mr Gupta's (together with that of his connected persons) beneficial interest were ever to fall below 50% of the Company's authorised and issued Ordinary Share Capital. In the meantime the relationship agreement entered into between the Company and Mr Gupta at the time of the Company's flotation on AIM in May 2008 (the "2008 Agreement") and which was described in the Company's Admission Document, will remain in force.

The 2014 Agreement shall terminate upon whichever is the later of:

- (a) Mr Gupta (together with his connected persons) ceasing to be entitled to exercise or control the exercise of 10 per cent. or more of the votes able to be cast on all or substantially all matters at general meetings of the Company; and
- (b) Mr Gupta ceasing to have any obligations or liabilities to make any payments under or in respect of all or any of the Personal Guarantees.

Entry into the 2014 Agreement constitutes a Related Party transaction under the AIM Rules for Companies. Accordingly, the OPG independent directors, having consulted with the Company's nominated adviser, consider the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

The changes proposed to the Memorandum and the Articles of Association of the Company, respectively by way of Special Resolutions 1 and 2, are to provide for consequential amendments to these constitution documents so as to reflect the provisions of the above mentioned Agreement.